

**JURY COMMISSIONER
AUDITED FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2002**

**DEPARTMENT OF ADMINISTRATION
BUREAU OF AUDITS
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STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

Department of Administration
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JURY COMMISSIONER
FISCAL YEAR ENDED JUNE 30, 2002

EXECUTIVE SUMMARY

Our prior audit report, for the fiscal year ended June 30, 2000 contained 4 recommendations for improvement. Because 3 recommendations were not implemented and 1 was partially implemented, we have repeated them in the current year findings and recommendations section.

- Management needs to explore the possibility of utilizing electronic fund transfers to reimburse juror payrolls.
- The Jury Commissioner's Office urgently needs to incorporate computer technology into its day-to-day operations to eliminate the archaic system presently used.
- Stale-dated checks totaling \$12,610 were removed from the outstanding check listing and were added back to the imprest checking account balance. Abandoned property should be handled in accordance with the requirements outlined in RIGL 33-21.
- All juror payments should be computer generated and discontinue issuing manual checks.
- Bank reconciliations should be performed timely. As of May 23, 2003 the last reconciliation performed was for the month of October 2002.

JURY COMMISSIONER
FISCAL YEAR ENDED JUNE 30, 2002

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April 5, 2004

Mr. Eugene McMahon, Jury Commissioner
R.I. Superior Court, Room 306
250 Benefit Street
Providence, RI 02903

Dear Commissioner McMahon:

We have completed an audit of the Jury Commissioner for the fiscal year ended June 30, 2002 in accordance with Sections 35-7-3 and 35-7-4 of the R.I. General Laws.

The findings and recommendations included herein have been discussed with management and we have considered their comments in the preparation of our report. Section 35-7-4 of the R.I. General Laws requires the director of the department audited to respond in writing within 60 days to all recommendations made by the Bureau of Audits. A copy of your reply should also be sent directly to Beverly E. Najarian, Director, Department of Administration; to the Honorable Steven M. Constantino, Chairperson of the House Finance Committee; and to the Honorable Stephen D. Alves, Chairperson of the Senate Finance Committee.

Sincerely,

Frank J. Collaro, Jr., CFE, CGFM
Acting Chief, Bureau of Audits

FJC:pp

JURY COMMISSIONER
FISCAL YEAR ENDED JUNE 30, 2002

INTRODUCTION

Objectives, Scope, and Methodology

The scope of our audit was to review and test the cash transactions and operating practices followed for the fiscal year ended June 30, 2002. Our objectives were to determine whether the Jury Commissioner's Office is operating in compliance with applicable state laws and established rules and regulations; the accounting system used is adequate and the procedures followed are efficient and effective; all cash transactions are properly accounted for within the financial accounts and records maintained; controls are in place to sufficiently safeguard and protect assets; and the financial statements for the fiscal year ended June 30, 2002 are presented fairly.

Our audit was made in accordance with the *Standards for the Professional Practice of Internal Auditing* issued by the Institute of Internal Auditors and included such tests of the accounting records and other auditing procedures as we considered necessary in the circumstances.

To achieve our objectives, we reviewed relevant policies and procedures and state laws and regulations; interviewed personnel; and performed audit tests and analytical procedures to data provided.

The findings and recommendations included herein have been discussed with management, and we have considered their comments in the preparation of our report. Section 35-7-4 (c) of the Rhode Island General Laws requires the auditee to respond within 60 days to all recommendations in this report. Since this official response is not currently available, it is not included herein. This response, when available, will be furnished upon request.

Background

The Jury Commissioner is appointed by the Presiding Justice of the Superior Court with the consent of a majority of the Justices of the Superior Court and serves at the pleasure of the Presiding Justice and a majority of the justices of the Superior Court. The Jury Commissioner may, with written consent of the Presiding Justice, from time to time appoint and remove an Associate Jury Commissioner, an Assistance Jury Commissioner, and such clerks, stenographers and investigators as necessary to discharge those duties imposed by statute.

The Jury Commissioner maintains lists of all individuals qualified to serve on any grand or petit jury in Superior and Family Courts. As part of the selection process, individuals are investigated by reviewing completed questionnaires, initiating written inquiries, or conducting personal interviews as deemed necessary in the circumstances. The Jury Commissioner is responsible for the payment of jurors' fees and for maintaining the records relating to jury matters.

To facilitate the statewide operations of the Office, the Associate Jury Commissioner has been assigned responsibility for Newport and Washington Counties and the Jury Commissioner oversees Providence, Bristol, and Kent Counties.



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Mr. Eugene McMahon, Jury Commissioner
R. I. Superior Court

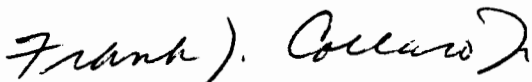
We have audited the statement of cash receipts and disbursements of the Jury Commissioner for the fiscal year ended June 30, 2002. This financial statement is the responsibility of the Jury Commissioner. Our responsibility is to express an opinion on the financial statement based on our audit.

We conducted our audit in accordance with the *Standards for the Professional Practice of Internal Auditing*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts of disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in the accompanying Note, this financial statement was prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the cash receipts and disbursements of the Jury Commissioner for the fiscal year ended June 30, 2002, on the basis of accounting described in the accompanying Note.

Our audit was made for the purpose of forming an opinion on the statement of cash receipts and disbursements. The other financial information included in this report is presented for the purpose of additional analysis. This information has been subjected to the auditing procedures applied in the audit of the statement of cash receipts and disbursements and, in our opinion, is fairly stated in all material respects in relation to the statement of cash receipts and disbursements taken as a whole.


Frank J. Collaro, Jr., CFE, CGFM
Acting Chief, Bureau of Audits
May 23, 2003

EXHIBIT

**JURY COMMISSIONER
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
FISCAL YEAR ENDED JUNE 30, 2002**

Cash Receipts

General Fund	\$ 440,392.00
State Dated Checks	4,135.00
Interest Income	<u>781.20</u>

Total Cash Receipts	<u>445,308.20</u>
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Cash Disbursements

Petit Jury	228,075.00
Grand Jury	56,610.00
Statewide Grand Jury	19,875.00
Holdover Jury	5,865.00
Kent County Grand Jury	52,560.00
Bank Service Charges	268.50
Interest Transferred to General Fund	<u>806.50</u>

Total Cash Disbursements	<u>364,060.00</u>
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Excess of Cash Receipts Over Cash Disbursements	81,248.20
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Cash Balance, July 1, 2001	<u>17,389.51</u>
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Cash Balance, June 30, 2002	<u>\$ 98,637.71</u>
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See accompanying note to statement of cash receipts and disbursements.

:J-18 Exhibit

JURY COMMISSIONER
FISCAL YEAR ENDED JUNE 30, 2002

NOTE TO FINANCIAL STATEMENT

Note – Significant Accounting Policies

Basis of Accounting

The accompany financial statement has been prepared on the cash receipts and disbursements basis of accounting, which is a comprehensive basis for accounting other than generally accepted accounting principles. Under that basis, the only asset recognized is cash and no liabilities are recognized. All transactions are recognized as either cash receipts or disbursements. Noncash transactions are not recognized in the financial statement.

Agency Fund

An agency fund is used to account for assets held by the Jury Commissioner as an agent for the General Treasurer. The cash balance in the custody of the Jury Commissioner represents monies transferred from the State of Rhode Island's General Fund plus interest income net of bank charges assessed.

SCHEDULE

**JURY COMMISSIONER
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
FISCAL YEAR ENDED JUNE 30, 2001**

<u>Cash Receipts</u>	
General Fund	\$ 487,344.00
State Dated Checks	2,625.00
Interest Income	1,518.72
Other	<u>135.00</u>
Total Cash Receipts	<u>491,622.72</u>
<u>Cash Disbursements</u>	
Petit Jury	348,330.00
Grand Jury	60,345.00
Statewide Grand Jury	19,965.00
Holdover Jury	23,970.00
Kent County Grand Jury	58,485.00
Bank Service Charges	529.00
Interest Transferred to General Fund	<u>1,584.81</u>
Total Cash Disbursements	<u>513,208.81</u>
(Deficiency) of Cash Receipts Over Cash Disbursements	(21,586.09)
Cash Balance, July 1, 2000	<u>38,975.60</u>
Cash Balance, June 30, 2001	<u>\$ 17,389.51</u>

:J-18Schedule

JURY COMMISSIONER
FISCAL YEAR ENDED JUNE 30, 2002

STATUS OF PRIOR AUDIT RECOMMENDATIONS

The following audit recommendations were identified in our report for the fiscal year ended June 30, 2000. Because none of our prior audit recommendations were fully implemented, we have repeated them as current year findings and recommendations in the section that follows.

Juror Payrolls

1. Superior Court Administrators, in conjunction with the Offices of the State Controller and the State Treasurer, should explore the possibility of utilizing Electronic Funds Transfer (EFT) to reimburse juror payrolls. This would allow the state to maximize its investment earnings by eliminating any excess cash on deposit in the jury account.

Not implemented. (See Current Recommendation 1)

Office Automation

2. Management should make every effort to automate the Jury Commissioner's Office by incorporating computers and providing staff with computer training.

Partially implemented. (See Current Recommendation 2)

Federal Income Tax Withholding

3. Continued efforts should be made to determine the status of those claims filed, but not yet received.

No longer applicable.

Stale-Dated Checks

4. Report and remit all unclaimed funds to the escheat division of the R.I. General Treasurer's Office.

Not implemented. (See Current Recommendation 3)

JURY COMMISSIONER
FISCAL YEAR ENDED JUNE 30, 2002

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

Juror Payrolls

Payments are made to jurors from an imprest checking account. This account is replenished to its established balance (\$125,000) approximately 4 to 6 times per year. This practice permits the lead-time required to deposit the funds and to process juror payments. Although, the juror checking account is interest bearing, the rate received is less than the rate that could be earned if the balance were invested by the General Treasurer's Office.

Recommendation

1. Management, in conjunction with the offices of the state controller and the state treasurer, should explore the possibility of utilizing Electronic Funds Transfer (EFT) to reimburse juror payrolls. This would maximize investment earnings by eliminating excess cash remaining on deposit in the jury account.

Office Automation

As cited in previous audit reports, the Jury Commissioner's Office urgently needs to incorporate information technology into its day-to-day operations to eliminate the archaic system presently in use. Initiating the use of juror specific software has shown some progress in processing payments, however, only panels for Providence petit and grand jurors for Providence and Kent Counties are paid using the new software.

Recommendation

2. Management must make a determined effort to automate all clerical functions within the Jury Commissioner's Office.

Federal Income Tax Withholding

Federal income taxes totaling \$124.78 were withheld from this account as backup withholding during the period November 1994 thru January 1997. The controller for the Courts filed a claim for refund in January 1997. To date, only \$25.41 has been refunded to the Jury Commissioner. Because the claims for refund have become dated, we believe no further efforts to recover this outstanding balance should be made.

Stale-Dated Checks

Stale-dated checks totaling \$5,850 from the previous audit and \$6,760 from the current audit were removed from the outstanding check listing and were added back to the Jury Commissioner's imprest checking account. In accordance with RIGL 33-21.1-13 -- Property held by courts and public agencies, "Intangible property held for the owner by a court, state, or other government, governmental subdivision or agency . . . which remains unclaimed by the owner for more than one year after becoming payable or distributable is presumed abandoned."

Recommendation

3. Report and remit all unclaimed funds to the escheat division of the R.I. General Treasurer's Office in accordance with RIGL 33-21.

Bank Reconciliations

In September 2002, the Jury Commissioner's Office began to use juror specific software to process payments. The software is used to process payments to Providence petit and grand jurors and to Kent County grand jurors. Although this system automates the payment process, certain juror payments are still manually processed. Running both computer generated and manual checks has created a problem when reconciling the imprest cash checking account to the bank balance. The main obstacle in the reconciliation process seems to be determining what was disbursed during the month. As of May 23, 2003, bank reconciliations have not been performed for this account since October 2002.

Recommendations

4. All juror payments should be processed using the newly installed software system.
5. Discontinue issuing manual checks to jurors.
6. Perform timely bank reconciliations to the imprest cash on deposit.